

N E W S R E L E A S E

Contact: Loree Levy
Aubrey Henry
916-654-9029

Date: February 2, 2022

News Release No.: 22-06

California Furthers Efforts to Help Claimants Overpaid Federal Benefits Through No Fault of their Own

SACRAMENTO—In response to federal rules requiring states to collect overpaid unemployment benefits, California [joined all states, U.S. territories and the District of Columbia](#) in urging the federal government to relax federal mandates and waive overpayments when the payment was not the claimant's fault.

“California is asking the federal government to waive overpayments for those who received federal benefits through no fault of their own,” said California Employment Department Director Nancy Farias. “We need to continue supporting those who struggled during this pandemic.”

Federal law requires those who were paid benefits when ineligible to return those funds. States can waive these overpayments if a claimant was not at fault, however determining fault remains challenging given the [complexity of the unprecedented emergency federal programs](#) and their multiple changes and federal extensions. For example, some claimants were unsure whether income verification required supplying [gross or net income](#).

In response to this situation, California joined the National Association of State Workforce Agencies and [every state in the country](#) to urge Congress to waive non-fraudulent pandemic unemployment compensation overpayments:

“As a result of numerous changes in guidance from the U.S. Department of Labor since the original passage of the CARES Act, in addition to the eligibility changes brought about in the Continued Assistance Act, many individuals who received pandemic UI assistance are now seeing their benefits changed to overpayments—requiring them to repay these funds, which they received through no fault of their own. A current and consistent waiver process is not available in all states and federal action is necessary to prevent further hardships on these individuals,” [the states' letter to Congress said](#). “We request Congress to allow states to waive all non-fraudulent PUA, PEUC and MEUC overpayments, including FPUC, to prevent further economic hardship on these individuals,” the letter added.

(more)

In the letter, states also ask to be held harmless for any good faith effort to recover payments under the [Federal Emergency Management Administration's \(FEMA\) Lost Wages Assistance \(LWA\) program](#) administered in 2020. States also seek further extensions of interest payment waivers on federal advances to states.

The California Employment Development Department is not collecting federal pandemic program overpayments at this time. Instead, it is in the first phase of a multi-step process of notifying and reminding claimants of federal requirements before any collection effort would begin. In cases where a claimant was overpaid through no fault of their own (and without fraud), EDD will offer opportunities to have the overpayment waived by showing financial hardship. Further details about that process will continue to post on the [EDD website](#). In addition, claimants always have a right to [appeal](#).

While California currently has little discretion regarding the collection of overpayments, EDD continues to offer as much flexibility as possible. For example, individuals can use [multiple documents and methods](#) to meet the federal requirement to prove eligibility for Pandemic Unemployment Assistance. EDD is continually working with its federal partners to identify any additional federal program flexibilities that can be deployed to protect the rights of claimants and meet the state's requirement to implement these federal programs.

Regardless of how the federal government responds to California's requests, EDD will continue to seek prosecution in cases involving criminal fraud.

#